

DATE IN 1/16/07	SUSPENSE	ENGINEER W. Jones	LOGGED IN 1/16/07	TYPE DHC 3842	APP NO. PTD50701649981
-----------------	----------	-------------------	-------------------	------------------	------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____	Signature _____	Title _____	Date _____
		e-mail Address _____	



Cimarex Energy Co. of Colorado

5215 North O'Connor Blvd. ♦ Suite 1500 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6486

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

Cimarex Energy Co. • A NYSE Listed Company • "XEC"

January 4, 2007

Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505
Attn: Mr. Will Jones

Re: State 1 No. 2
Section 2-T24S-R34E
30-025-37774
Lea County, NM

2007 JAN 16 AM 11 42

Dear Mr. Jones:

Enclosed is an original form C-107A (Application for Downhole Commingling) for the referenced well.

Cimarex recently drilled and completed the State 1 No. 2. Our analysis of the logs indicated 2 pay intervals: an Atoka interval from 13055'-13722' and a Morrow interval from 12242'-12720'. We perforated and stimulated accordingly, with Atoka perfs from 13055'-13722', and Morrow perfs from 12242'-12720'. There is currently a removable bridge plug at 13010' covering the Morrow perfs.

We isolated each zone during completion to produce a well test that will be used to establish a percentage split. We plan to remove the RBP and commingle the two zones.

It is anticipated that the reservoir pressure from these two zones will be compatible and the resulting volumes would not warrant a tubing-casing dual completion.

All royalty, overriding royalty, and working interest owners are identical in the two zones, and will not be harmed by an Atoka/Morrow commingling.

If anything further is needed regarding this issue, or if you have any questions, please feel free to contact me at 972-443-6489.

Yours truly,

Zeno Farris
Manager, Operations Administration

Cimarex Energy Co. of Colorado5215 N. O'Connor Blvd., Suite 1500; Irving, TX 75039

OperatorAddress

State 1002B-2-24S-34ELea

LeaseWell No. Unit Letter-Section-Township-RangeCounty

OGRID No. 162683Property Code 35538API No. 30-025-37774Lease Type: FederalXStateFee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Antelope Ridge; Atoka (Gas)		Antelope Ridge; Morrow (Gas)
Pool Code	70360		70440
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	13055'-13722'	?	12242'-12720'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Within 150% of bottom perfs		
Oil Gravity or Gas BTU (Degree API or Gas BTU)	est		est
Producing, Shut-In or New Zone	Producing		Shut in behind RBP
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 09-03-06 Rates: 24/642/0	Date: Rates:	Date: 08-31-06 Rates: 0/634/0
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 100% Gas 50%	Oil Gas	Oil 0% Gas 50%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?
Are all produced fluids from all commingled zones compatible with each other?
Will commingling decrease the value of production?
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?
NMOCD Reference Case No. applicable to this well:

YesXNo
YesNo
YesXNo
YesNoX
YesNo
YesNo

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATUREZeno FarrisTITLEManager Operations AdministrationDATEJanuary 4, 2007

TYPE OR PRINT NAMEZeno FarrisTELEPHONE NO.(972)443-6489

E-MAIL ADDRESSzfarris@cimarex.com

LOT 4

LOT 3

LOT 2

LOT 1

40.06 AC

40.04 AC

40.04 AC

40.02 AC

2310'

1980'

State 1 #2

State 1 #1

GEODETTIC COORDINATES
NAD 27 NME

Y=456504.9 N
X=776731.9 E

LAT.=32°15'06.76" N
LONG.=103°26'17.50" W

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-37774		Pool Code	Pool Name Antelope Ridge; Morrow (Gas)
Property Code	Property Name STATE 1		Well Number 2
OGRID No. 162683	Operator Name Cimarex Energy Co. of Colorado		Elevation 3424'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	2	24-S	34-E		660	NORTH	1980	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320.16		Joint or Infill Y	Consolidation Code		Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4	LOT 3	LOT 2	LOT 1
		560'	
		State 1 #2	1980'
40.06 AC	40.04 AC	40.04 AC	40.02 AC
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=456504.9 N X=776731.9 E</p> <p>LAT.=32°15'06.76" N LONG.=103°26'17.50" W</p>			

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Zeno Farris 10-07
Signature Date

Zeno Farris
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 28, 2006

Date Surveyed DSR

Signature & Seal of Professional Surveyor

GARY EIDSON 3/29/06
06.11.0530

Certificate No. GARY EIDSON 12841